

The Board of Supervisors of Maricopa County, Arizona convened in Informal Session at 12:00 p.m., March 16, 2005 in the Board of Supervisors' Conference Room, 301 W. Jefferson, Phoenix, Arizona, with the following members present: Max W. Wilson, Chairman, District 4, Fulton Brock, District 1; Don Stapley, District 2, Andrew Kunasek, District 3; and Mary Rose Wilcox, District 5. Also present: Fran McCarroll, Clerk of the Board; Monica Farine, Minutes Coordinator; David Smith, County Manager; and Chris Keller, Chief County Counsel. Votes of the Members will be recorded as follows: (aye-no-absent-abstain).

Chairman Wilson called the meeting to order.

RESOLUTION TO ASSIST THE MARICOPA COUNTY SPECIAL HEALTH CARE DISTRICT

Item: Approve a Resolution authorizing the County Manager to provide a package of measures, as described in the accompanying resolution, designed to assist the Maricopa County Special Health Care District Board of Directors, including revenue enhancement and expense control expertise provided through consulting services with a not-to-exceed amount of \$3,000,000; and, per A.R.S. §42-17106, approve the transfer of expenditure authority from FY 2004-05 contingency funds in the amount of \$3,000,000 from General Government (470) General Fund (100) General Contingency (4711) to Health Care Mandates (390) General Fund (100). This action will require an appropriation adjustment increasing the Health Care Mandates' FY 2004-05 General Fund (390-100) expenditure budget by \$3,000,000 and reducing General Government General Fund (470-100) by the same amount for a net countywide impact of zero. (C3905034800) (ADM4496) [Clerks Note: This is not part of the official minutes. This item was rescinded on June 22, 2005.]

David Smith, County Manager
Shawn Nau, Director, Health Care Mandates

David Smith, County Manager, said while monitoring results of the Special Health Care District, extreme challenges lay ahead. He indicated the resolution presented today would offer temporary assistance of \$3,000,000 to the Special Health Care District (SHCD). The expenditure would be for a set of tasks, each with a beginning and end date, and a clearly defined set of deliverables. Before outlining the various tasks, Mr. Smith reviewed several slides outlining aspects of the current operation of the SHCD including the following topics:

- Labor expenses – salaries, wages, contract labor, employee full time equivalents
- Accounts receivable
- Surgeries and deliveries
- Revenue & operating margin
- Cash position – weekly cash balances
- Recommendation for focus priorities
 - increase revenues
 - decrease expenses
 - stabilize overall operation within \$40 million annual appropriation
 - hire permanent senior management team

Mr. Smith then outlined several tasks which the County could offer, identifying key staff for each task.

Budget preparation and finance (Sandi Wilson, Shelby Scharbach, Deloitte Consulting)

- SHCD budget preparation for FY 2005-06 is already behind schedule
- Budget review and advise to SHCD
- Deloitte Consulting assistance in "risk corridor" assessment

- Consultation regarding cash availability
- Review monthly financial reports and report key measures
- Financial and budgetary policies must be adopted
- A fiscal turnaround plan should be developed and adopted immediately

Revenue cycle oversight and process improvement

- Deloitte Consulting would be made available to the SHCD to oversee operations of the revenue cycle departments
- Deloitte Consulting would be available to implement process improvement plans in the revenue cycle departments
- County staff and consultants would be available to assist on section 1011 and ABM processes
- Maricopa County would pay base fees and work with Deloitte Consulting through November 2005

Labor deployment and expenses (Gwynn Simpson, Elizabeth Yaquinto, Mary Cronin, Shawn Nau, Helen Dusick, and Mercer Consulting)

- County staff and consulting resources would be made available to conduct a staffing cost reduction designed to deploy staff in a manner that is consistent with current patient load.
- Per MIHS staff request, ASRS payroll transition would be audited.

Supply expenses (Tom Manos, Wes Baysinger, and Ross Tate)

- County staff would be available to review procurement processes and complete FRG supply project;
- County staff would assist in reviewing general purchasing organization status
- Pharmacy expenses and operations should be audited.

Capital projects (Tom Manos, Peter Crowley, Steve Connor)

- County staff and consultants would be available to review SHCD capital project needs and review potential return on investment for such projects.

Organizational development (Sandi Wilson, Tom Manos, and Shawn Nau)

- Provide recommendations regarding district organizational structure and implementation
- Establish financial systems, standards, recommend policies to SHCD board
- Help fill critical vacancies in HR, IT and other support positions
- If desired, county could provide temporary staff for Clerk of the Board and other board needs
- SHCD board to retain all policy control of MIHS operations

Executive recruitment (David Smith and Gwynn Simpson)

- CFO permanent recruitment
- Possible lead on interim CFO identified – reference checks now being conducted
- Permanent COO recruitment
- Multi-level review for chief executive officer interview process

Immediate recommendations

- Recommend strong interim candidates for senior executive positions
- Immediately initiate cash review, monthly financials review, budget review
- Draft and implement fiscal policies
- Initiate capital project ROI review
- Initiate labor deployment assessment
- Initiate search for COO.

In summary, Mr. Smith indicated there continued to be a decline in revenue which affects the operating margin. He said the overall focus must remain on increasing revenues, decreasing expenses and stabilizing overall operation expenses within the \$40,000,000 annual appropriation. Each public hospital has the same challenge of providing good medical care, while dealing with an unstable revenue source and difficult collections. It is not impossible to collect this money, but one must be diligent in collection to be successful. One possible resource in the revenue cycle is using PriceWaterhouse expertise to work different elements of the system along with Maricopa County finance staff.

Discussion ensued among the members of the Board beginning with Supervisor Stapley indicating the key to successfully running the hospital is good management. He pledged to meet and support the new Board in every way possible and Chairman Wilson offered the Board's readiness to assist. Supervisor Stapley said Bil Bruno, Chairman of the Special Health Care District (SHCD), pointed out needs not discussed previously, including an unusable classroom with mildew and problems with the MRI machine. Shawn Nau said one reason for the \$15,000,000 line of credit initially (despite cash estimates projections which showed sufficient cash balance through November), was projections related to some capital items, including the MRI issue and chiller tower maintenance. Mr. Nau said he would recommend that Tom Manos, Peter Crowley, and Steve Connor spend time reviewing the new concerns of the District Board.

Supervisor Wilcox also stated that the Board of Supervisors should meet with the SHCD Board of Directors as soon as possible, and in good faith, assist the hospital with these financial issues. Sandi Wilson, Deputy County Manager, also responded, indicating that discussions during the negotiation period continued to point out the "as is" nature of the transfer. Ms. Wilson said when the \$15,000,000 is gone and more is needed, it must be planned into the County's financial budget also.

Supervisor Brock inquired about the environmental report that was due at the time of the transition. He said the level of communication should be enhanced to address the concerns and recommendations made by the Board, so that there are fewer surprises. Mr. Manos reported that environmental consultants said that just because mold is now present did not mean it was present at the time of the transition. Supervisor Kunasek inquired about spiking revenues and operating expenses. Mr. Manos said that the Health Plans had made significant settlements with the hospital so there would be an influx of revenue in November. Supervisor Kunasek said we probably would not have expected a new board to know everything and we expected FRG to fill that gap, but it appears that is not the case. Supervisor Kunasek re-emphasized the importance of good, competent staff and the District is doomed to fail without good staff. Supervisor Brock indicated he endorses all that was said including improved handling of money, collections, and addressing a senior management team. Chairman Wilson said that he hopes the mold is the easiest problem to tackle and the County is committed to helping the SHCD.

Motion was made by Supervisor Wilcox, seconded by Supervisor Stapley, and unanimously carried (5-0) to set a joint meeting date and approve the resolution as follows.

**A RESOLUTION OF THE BOARD OF SUPERVISORS
MARICOPA COUNTY, ARIZONA
TO OFFER ASSISTANCE TO THE
MARICOPA COUNTY SPECIAL HEALTH CARE DISTRICT**

WHEREAS, Maricopa County, through the Maricopa Medical Center and related health care delivery facilities, had provided health care services to the citizens of Maricopa County for over 125 years; and

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WHEREAS, on November 4, 2003, a majority of the qualified electors in Maricopa County did vote "yes" to form a Special Health Care District to operate these facilities; and

WHEREAS, the Maricopa County Special Health Care District ("District") was formed on February 2, 2004; and

WHEREAS, Maricopa County transferred the operations and management of the Maricopa Medical Center and related health care delivery facilities to the District effective January 1, 2005; and

WHEREAS, Maricopa County and the Special Health Care District share a common history, common constituencies, and a common desire that the needs of Maricopa County taxpayers and residence are met.

NOW THEREFORE, be it resolved:

1. Recognizing that the fiscal and operational challenges facing the District are significant, and that recent events have resulted in an increase in expenses and a decrease in revenues, the Maricopa County Board of Supervisors hereby authorizes the County Manager to provide a package of measures designed to assist to the Maricopa County Special Health Care District Board of Directors in addressing key fiscal and operational concerns facing the District.
2. The measures may include the assignment of Maricopa County senior management employees and support staff to the District through November 30, 2005.
3. The measures may include revenue enhancement and expense control expertise provided through consulting services under County contract with a not-to-exceed amount of \$3 million through the end of fiscal year 2004-05.
4. The measures may include negotiation of an extended repayment schedule for election costs.

Passed and adopted by the Maricopa County Board of Supervisors at their meeting on the 16th day of March, 2005.

/s/ Max W. Wilson, Chairman

ATTEST:

/s/ Fran McCarroll, Clerk of the Board

PRESENTATION OF ITEMS FOR PRESENTATION AT JOINT CITY/COUNTY MEETING
(ADM4800)

Update on Human Services Campus

Linda Mushkatel, Special Projects Manager

Stephen Stempleski Executive Director St. Vincent de Paul

Mark Holloway, Manager Human Service Campus

Heidi Birch, Bridge Capital Facilities

~ Supervisor Wilcox left the meeting ~

Linda Muskatel, Special Projects Manager, gave an update on the Human Services Campus. She introduced Stephen Stempleski, Executive Director, St. Vincent de Paul. Mr. Stempleski said that in

addition to the need for a Human Services Campus, while there is no mandated responsibility, this collaborative effort is a compassionate response. The facilitation of the development between Capitol Mall and Copper Square makes sense and will assist in the redevelopment of downtown. He thanked the Board of Supervisors and David Smith for their leadership. The campus participants are Central Arizona Shelter Services (CASS), Maricopa Health Care for the Homeless Program, NOVA Safe Haven, St. Joseph the Worker, and St. Vincent de Paul. The campus governance will be Human Service Campus L.L.C. They will manage the common areas of the campus and the Day Resource Center which will encompass a multi-agency setting. It will focus on client-driven case management in order to reduce bureaucratic barriers in assisting individuals with the help they need. From the Day Resource Center pilot program, they incorporated the opportunity to test new ideas in their multi-agency operation. They are currently averaging over 100 clients per day, enrolling a portfolio of success stories with service referrals, entitlements, and housing placements. The total project budget is \$24,600,000 for construction; \$11,500,000 has been expended through February 2005. Phase 1 is comprised of three separate buildings, namely: Healthcare for the Homeless & CASS, the Day Resource Center, and Saint Vincent de Paul. Phase 2 will begin upon completion of Phase 1 which is set to start in December 2005, which is the demolition of the existing Healthcare for the Homeless and CASS buildings and construction of the NOVA Safe Haven. The expected completion of the entire project will be in July 2007. Factors relating to the community and the economic impact of this center contribute to the Revitalization between Capitol Mall and Copper Square. It will generate \$3,500,000 in salaries as a significant employer, and is an alternative to the expensive costs of Correctional and Health Care settings. The cost benefits are reflected as follows:

o	2% of CASS bed days spent in jail	\$ 68,574
o	2% of CASS bed days spent in prison	\$ 188,123
o	2% of Safe Haven bed days spent in psychiatric inpatient facility	\$ 40,355
o	2% of HCH medical visits occurred in hospital emergency room	\$ 865,416
o	2% of HCH medical visits avoided - number of hospital bed days	\$4,337,864

The goal in the capital campaign was to obtain a 50/50 split between public and private funding with the projected cost at approximately \$24,600,000. Community Development Block Grant funding amounted to \$1,400,000 and the Arizona Department of Housing provided \$750,000.

~ Supervisor Wilcox entered the meeting ~

Mark Holloway, Manager Human Service Campus, said there will be 150 years of community experience going into case management, employment, dental services, food services and expertise. Mr. Holloway said the Homeless Safe Haven will partner with the Human Service Campus for day and residential services to the seriously mental ill. St. Joseph will also provide employee services and St. Vincent de Paul, with over 50 years experience, would continue to provide services to people in the community. He said the Day Resource Center would be one place to service a client and will require that agencies work together in this new client driven case management setting. The Day Resource Center's focus is to reduce bureaucratic barriers by having representatives from Value Options, and Community Bridges Southwest Behavioral Health sharing the same clientele. During the last seven months, individuals have started coming in who were originally resistant, and they placed 100 individuals into housing through this pilot program. There has been several success stories associated with this program. Supervisor Wilcox said it was heartening to hear a story from a young man who had been helped in the program. Supervisor Brock inquired as to the challenge of drug counseling, treatment and rehabilitation. Mr. Holloway advised that Community Bridges and Health Care provide those services.

Heidi Birch, Director, Capital Facilities, said a large portion of the budget was raised from private and public donations. Ms. Birch explained that there were a number of historic Hohokum artifacts at the site

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and a tribal blessing of the site was given. Regarding the look of the buildings, they wanted to stay away from institutionalism and instead give it a more inviting, welcoming look, including colors and light.

Linda Muskatel said this construction will have a significant community and economic impact to Copper Square and the Downtown Development Plan. Everyone is looking forward to celebrating with a ribbon cutting ceremony for this project.

Supervisor Wilcox indicated she would like to see a contributor's chart shown, as it would help the Council to join the funding partnership. Supervisor Brock indicated with David Smith's drive and leadership, the project is becoming a tremendous success story. Supervisor Kunasek said he too would support a depiction of the funding and hoped there could be a testimonial at the joint meeting.

~ Supervisor Wilcox left the meeting ~

UPDATE ON JOINT PLANNING AND DEVELOPMENT SERVICES BUILDING

Joy Rich, Assistant County Manager

Joy Rich, Assistant County Manager, said in October, David Smith asked her to prepare a combined County/City of Phoenix Planning and Development Services Building, which would house Maricopa County's Planning & Development Department, Environmental Services Department, and Air Quality Department, along with the City of Phoenix's Development Services and Planning Services. Statistics related to this Planning and Development Services Building follow:

- o 1,100 staff x 300 sq. ft. per staff = 330,000 sq. ft
- o 2 Public Access Levels @ 50,000 sq. ft = 100,000 sq. ft.
- o 6 Secure Access Levels @ 38,400 sq. ft = 230,000 sq. ft.
- o 4 levels of parking @ 170 spaces = 680 spaces (65% parking ratio)
- o Visitors will park in the Jackson Street Parking Garage

Budget Estimate:

330,000 sq. ft. x \$225 per sq. ft. =	\$ 74,250,000
680 parking spaces x \$11,000 per space =	\$ 7,480,000
Project cost	\$ 81,730,000*

*Assumes no land acquisition costs.

SCHEDULE

- | | |
|--|---------|
| o Programming, Design & Bridging Documents | 1 year |
| o Design Build Delivery | 2 years |
| o Total Schedule | 3 years |

~ Supervisor Kunasek left the meeting ~

The total building structure will be in the planned county complex located from Jefferson Street and 5th Avenue to Jackson Street and 7th Avenue. Ms. Rich indicated she needed the Board of Supervisors to give their opinions and feedback on the plan in order for the departments to arrange for either long or short term leases.

~ Supervisor Kunasek entered the room ~

Supervisor Stapley asked what was being built at a cost of \$225 per square foot. Ms. Rich said construction costs have increased 8 percent. The cost of \$225 per square foot includes design, construction, furniture, cabling, phones, etc. The schedule needs to start in July if the County wants to take advantage of the earlier of the two lease termination dates. There was a three year window to get out of the lease or it would be a full 5-year term. Chairman Wilson asked if Phoenix wanted to move. Ms. Rich stated that there have been discussions but no final decisions from Phoenix.

BEST PRACTICES OF COUNTY CRIME PREVENTION PROJECTS

Cheryl Townsend, Director, Juvenile Probation

Cheryl Townsend, Director Juvenile Probation, stated that Regional Crime Prevention Initiatives is the promotion of those attitudes, activities, and behaviors that create and maintain safe and vital communities where crime and delinquency cannot flourish. Targeted investment in Crime Prevention consists of before and after school mentoring, enrichment activities, parent education, field trips, community gardens, neighborhood coordinators, truancy prevention and specific initiative programs. She said while Maricopa County has seen a 26% increase in the youth population since 1997, there has been a 33% decrease in violent offense referrals and a slight decrease in drug referrals (4%). The Juvenile Accountability Incentive Block Grant (JAIBG) Partnership consists of regional pooling of JAIBG formula funds; police officer, juvenile probation officer, and social worker's team in schools; access to treatment without entering the juvenile justice system; special projects and summer activities; and evaluation. Of the lessons learned, they have partnered to promote public and school safety which produces the best outcomes. In addition, they quantify the return on investment in crime prevention and realize that crime prevention is a long-term investment. She is encouraged that the final results show the percentage of juveniles with no new complaints within one year of successful completion of diversion or probation is increasing steadily.

Chairman Wilson indicated this was a very impressive presentation. Supervisor Brock thanked her and indicated that the Department of Justice cited only one Court as a model in the country, and it was the Maricopa County program.

REVIEW OF JOINT CITY/COUNTY COOPERATION RESOLUTION

David Smith, County Manager

David Smith, County Manager, presented the members with a draft copy of the proposed Cooperation Resolution (see below).

DRAFT

**Joint City of Phoenix
Maricopa County Cooperation Resolution**

WHEREAS, the City of Phoenix is the largest municipality within Maricopa County and constitutes more than 40% of the County's population; and

WHEREAS, both the city and county have been recognized nationally for being models of cost-efficient and effective local governments; and

WHEREAS, both city and county have major responsibilities in providing public services to the community; and

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WHEREAS, both the city and county are coping with the challenges of growth-demographically, economically, and in providing expanding public services; and

WHEREAS, both the city and county strive to maintain excellence in providing high quality public services at an economical and affordable cost; and

WHEREAS, the city and county are always interested in innovative and creative ways to save public dollars through collaboration, cooperation, and intergovernmental agreements;

NOW THEREFORE, be it resolved that the City of Phoenix and County of Maricopa do hereby establish a working agenda to promote cost savings and improved public services through collaborative and cooperative programs that benefit both city and county residents and taxpayers.

PASSED AND ADOPTED this 22nd day of March, 2005.

MEETING ADJOURNED

There being no further business to come before the Board, the meeting was adjourned.

Max W. Wilson, Chairman of the Board

ATTEST:

Fran McCarroll, Clerk of the Board